

1 CHAIRPERSON JAMES: Mr. Saum.

2 MR. SAUM: Madam Chair, as the NCAA's director of  
3 agents and gambling activities, I'm pleased to have the  
4 opportunity to provide the Commission with the NCAA's  
5 perspective on sports gambling and its impact on college  
6 students. The NCAA is an association of approximately 1,000  
7 colleges, universities and related organizations devoted to the  
8 regulation and promotion of college athletics for over 300,000  
9 male and female student athletes.

10 I am responsible for coordinating the NCAA's efforts  
11 in addressing sports gambling issues. My duties include  
12 developing sports gambling educational materials for NCAA  
13 schools and athletes, conducting investigations related to  
14 violations of our rules, creating working partnerships with  
15 representatives of professional sports, government, law  
16 enforcement and gaming regulatory communities. Today's  
17 testimony is a summary of my written statement and I urge  
18 members of the Commission to consult my written submission for a  
19 more detailed discussion of this topic.

20 Like many other sports organizations, the NCAA has a  
21 clear direct policy regarding sports gambling. The NCAA  
22 membership prohibits student athletes, coaches and athletic  
23 administrators to gamble legally or illegally on professional or  
24 college athletics. This approach recognizes the potential of  
25 sports gambling to undermine the integrity of sports and to  
26 jeopardize the welfare of the student athlete and the

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1 inter-collegiate athletics community. The NCAA is well aware of  
2 the direct threat sports gambling poses to the integrity of each  
3 college contest.

4 In the late '40's the academic community and public  
5 were shocked to learn of the City College of New York basketball  
6 team that was involved in a point shaving scandal. Today these  
7 scandals appear to be occurring with greater frequency. Within  
8 the last 10 months the public has learned of point shaving  
9 scandals at Arizona State University and Northwestern  
10 University.

11 According to federal law enforcement officials more  
12 money was wagered on the Arizona State case than any other point  
13 shaving scam in the history of college athletics. However, when  
14 it comes to sports gambling on college campuses, this is just  
15 the tip of the iceberg. In 1995 five Maryland student athletes  
16 were found to have bet on college sporting events. Two years  
17 ago, 13 football players at Boston College were involved and  
18 some admitted -- four of them admitted to betting on their own  
19 team. Just last year a basketball player at Cal State Fullerton  
20 was approached by a student and offered \$1,000.00 a game to  
21 shave points.

22 And earlier this year law enforcement dismantled a  
23 large sports gambling ring partially operating on Columbia  
24 University's campus in a fraternity house. As you can see, the  
25 influence of sports gambling is far reaching and sports

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1 organizations continually live in fear that sports gambling will  
2 infiltrate and undermine the contest itself.

3           Through my experiences conducting sports gambling  
4 investigations at our colleges, I have witnessed students, their  
5 families and institutions publicly humiliated. I have seen  
6 students be expelled from college, lose athletic scholarships  
7 and jeopardize any hope of a career in professional athletics.  
8 In most cases the scenario is strikingly familiar. Student  
9 athletes who have begun gambling on sports incur losses they  
10 cannot repay and as a result, become involved in point shaving  
11 schemes. Sometimes they participate in such schemes voluntarily  
12 in a desperate attempt to erase their debt, other times because  
13 they are compelled by a threat of personal injury. In later  
14 cases often organized crime is involved.

15           The profile of a typical college student who gambles  
16 is someone who believes he can control the outcome of anything  
17 he's involved with, someone who is willing to take risk and  
18 someone who believes he or she possesses the skill to be  
19 successful in this endeavor. If you otherwise look at these  
20 qualities in a positive light, they are reflective of many  
21 college athletes. This may, in part explain why some college  
22 students are drawn to sports gambling.

23           However, environmental factors may also play an  
24 influential role. One of the Boston College football players  
25 involved in the sports betting scandal stated, quote, "The  
26 attitude was it's just part of the college experience. To tell

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1 the truth, it never crossed my mind it was illegal. It was so  
2 commonplace," end quote. Other evidence indicates that sports  
3 gambling habits were developed well before college. An athlete  
4 involved in the Northwestern case admitted gambling had been  
5 part of his life ever since he was a youngster.

6 He remembered, quote, "Guys younger and older saying  
7 let's bet \$5.00 to see who's better on one on one. I saw  
8 gambling every day in the inner-city. People were playing  
9 cards and shooting dice. It was normal," end quote. While  
10 there are no comprehensive studies available as quoted earlier,  
11 a recent NCAA study indicates that 25 percent of our men's  
12 basketball and football student athletes gamble on college  
13 athletics. Four percent gamble on the game they played in and  
14 three individuals out of the 648 who responded to this survey,  
15 indicated that they had changed the outcome of the game they  
16 played in.

17 In a 1998 University of Mississippi study, 954  
18 students at nine institutions were surveyed. Thirteen percent  
19 of those surveyed were athletes. The results revealed that  
20 athletes were nearly twice as likely to be problem gamblers than  
21 non-athletes and interestingly enough, the athletes who lived in  
22 Greek fraternity and sorority houses had a higher prevalence of  
23 problem gambling than athletes who did not live in Greek  
24 housing.

25 The high incidents of gambling not only exists among  
26 student athletes but the general student body. In a study

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1 conducted by several researchers, 1700 students from six  
2 colleges were surveyed about their gambling behavior. The data  
3 revealed that the rates of pathological and problematic gambling  
4 among college students are four to eight times higher than  
5 reported for the adult population. The finding was confirmed in  
6 a recent study by the Harvard University Medical Schools  
7 Division on Addiction.

8           The research showed that college students showed the  
9 highest percentages of pathological and problem gambling.  
10 Perhaps the most revealing impact of the sports gambling on  
11 college students is offered by Doctor Howard Schaffer, one of  
12 the authors of the Harvard University study. According to  
13 Doctor Schaffer, the research shows that more youth are  
14 introduced to gambling through sports betting than any other  
15 type of gambling activity. It is clear that gambling,  
16 particularly sports gambling, is touching the lives of an  
17 alarming number of college students.

18           So what are the forces fueling the high incidents of  
19 sports gambling among college students? There are several that  
20 stand out. Though illegal sports gambling is not within the  
21 Commission's purview, I cannot fail to mention its influence.  
22 Illegal sports gambling continues to prosper despite being an  
23 illegal activity in every state except Nevada. The FBI has  
24 estimated that close to \$2.5 billion is wagered illegally on the  
25 NCAA Division 1 men's basketball tournament each year.

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1 In addition, Sports Illustrated and CBS news  
2 magazine, Public Eye have done stories concluding that student  
3 bookies can be found on nearly every college campus in America.  
4 This fact has been confirmed by the NCAA's own investigations  
5 and by numerous federal and state law enforcement officials.

6 The popularity of Internet gambling may soon be the  
7 driving force behind the growth of sports gambling on college  
8 campuses across the United States. The most significant aspect  
9 of Internet gambling is that it provides a college student with  
10 the opportunity to place wagers on professional or college  
11 athletics from the privacy of his or her own campus residence.  
12 Internet gambling offers the student virtual anonymity and all  
13 that is needed is credit card to place this on-line bet.

14 Today there is widespread availability and use of  
15 credit cards among college students. A recent Nelly May Study  
16 revealed the 65 percent of our undergraduate college students  
17 have credit cards. Twenty percent of our college students have  
18 four or more credit cards and the average credit card balance is  
19 \$2200.00. It is clear that most students do not need to obtain  
20 their parent's credit card to place this bet.

21 Accessibility to the Internet is perhaps the  
22 greatest concern regarding Internet gambling on college  
23 campuses. Many college students have unlimited use of the  
24 Internet and most residents halls are wired for Internet access.  
25 For the NCAA the potential exists for a student athlete to place  
26 a wager via the Internet and then attempt to influence the

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1 outcome of the contest while participating on the court or  
2 playing field.

3 Most troubling to the NCAA and college  
4 administrators is that pursuant to federal law Internet gambling  
5 is illegal in the United States. Despite this fact, I continue  
6 to receive calls from student athletes and athletic  
7 administrators who are concerned about E-mail solicitations  
8 inviting them to visit on-line sports book sites. To date there  
9 is no data available on the prevalence of Internet gambling on  
10 college campuses but there is no doubt that operators are  
11 cognizant that college students represent a very lucrative  
12 market for the illegal product.

13 Another factor that may be contributing to the high  
14 incidence of sports gambling on college campuses are the sports  
15 touts. Browse through the USA Today sports section and you will  
16 find advertisements for sports touts. In most cases the ads ask  
17 for the consumer to dial 1-800 or 1-900 telephone numbers and  
18 pay to listen to a recording of the sports tout picks that will  
19 beat the published point spread. While there is nothing illegal  
20 about this operation, the information provided is in fact  
21 encouraging consumers to place illegal sports bets.

22 Furthermore there does not appear to be any  
23 regulation of these business. Recently HBO produced a segment  
24 that revealed an industry plagued by false and fraudulent  
25 claims. Unfortunately, these practices persist because few fear  
26 legal repercussions. Sports tout advertising is not limited to

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1 newspapers and sports publication but also appears on  
2 television.

3           In conclusion, the NCAA is very concerned about the  
4 high incidents of sports gambling on campuses and believes that  
5 real efforts must be made to address this issue. The NCAA  
6 appreciates the opportunity to appear before you today and hopes  
7 that the Commission will include in its final report a  
8 discussion and a list of recommendations on how to address the  
9 issues of sports gambling among our nation's youth. The  
10 integrity of our game and the integrity of our youth is at  
11 stake. Thank you.

12           CHAIRPERSON JAMES: Thank you.

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